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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
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RUEHAK/AMEMBASSY ANKARA PRIORITY 3510
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1328
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0076
RUEHKO/AMEMBASSY TOKYO PRIORITY 1195
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1764
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RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
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RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEHBS/USEU BRUSSELS PRIORITY
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RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000346

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E.O. 12958: DECL: 03/17/2018
TAGS: [PREL](#) [EPET](#) [ENRG](#) [EU](#) [TX](#)
SUBJECT: EU AND TURKMENISTAN MAKING PROGRESS ON
NEGOTIATING ENERGY MOU

Classified By: CDA Richard E. Hoagland: 1.4(B), (D).

11. (C) SUMMARY. The European Union (EU) is negotiating an energy cooperation memorandum of understanding (MOU) with Turkmenistan that would, among other things, set the stage for promoting alternative gas transportation routes that would avoid Russia. The latest draft which the European Commission passed back to Turkmenistan on March 11 proposes a two-pronged strategy that would promote greater energy security by expanding energy-sector investment and development of energy transport infrastructure, while supporting technical development of Turkmenistan's hydrocarbon and renewable energy sector. While agreement of this document will support U.S. policy in Central Asia, time remains an issue, since a growing number of EU members are concluding their own, independent deals with Russia, Turkmenistan, or both. END SUMMARY.

12. (C) Turkmenistan and the European Union (EU) are continuing to make progress in negotiating an energy cooperation memorandum of understanding (MOU) that they have been working on since at least June 2007, when the EU adopted a strategy for a new partnership with Central Asian countries. The local EU-TACIS representative (please protect) on March 17 forwarded to post the latest version of the approximately two-page draft MOU that the European Commission returned to Turkmenistan's Ministry of Foreign Affairs on March 11. The latest draft of the document:

-- Recognizes the EU's and Turkmenistan's mutual interest in strengthening cooperation in the energy sector to increase energy cooperation in order to increase energy security and the predictability of energy supply and demand.

-- Acknowledges the strategic importance of the energy sector for Turkmenistan's economic and social development.

-- Recognizes that strengthened energy cooperation between the two parties will enable the discussion of issues not already covered by regional cooperation and would enable a focus on issues of mutual interest.

PROMOTING ENERGY SECURITY AND TECHNICAL DEVELOPMENT

¶3. (SBU) The document lays out a quid-pro-quo approach to broadening energy cooperation. To promote European energy security, the parties will:

-- Regularly exchange information on data and policy developments that may affect energy security,

-- Support joint actions to attract investment for energy sector development,

-- Hold regular exchanges on energy demand and supply trends and developments related to the energy transportation system, and

-- Cooperate on facilitating and expanding energy sector investment and development of energy transport infrastructure.

(NOTE: In its note verbale covering the latest version of the MOU, the European Commission states that it wants to maintain the possibility to discuss "developments related to the energy transportation system" -- presumably in response to a request by Turkmenistan's government to remove this

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language. The note verbale also says that the Commission is sensitive to Turkmenistan's policy of "selling gas at the border," and has therefore revised the text to include language which allows for an exchange of views, without specific commitments, on developments related to the energy transportation system. END NOTE.)

¶4. (SBU) In exchange, the parties also agree to cooperate in enhancing industrial development by providing technical training, promoting renewable energy sources and energy-efficient technologies, and encouraging creation of an energy-efficiency policy. The two sides also promise to support cooperation in Turkmenistan's oil and gas sector, particularly in the Turkmen sector of the Caspian Sea and in the transport of energy resources.

¶5. (C) COMMENT: The EU's MOU with Turkmenistan would strengthen U.S. efforts to develop alternative gas transportation routes from Central Asia, such as a Trans-Caspian pipeline, that would avoid Russia. However, time still remains the EU's greatest concern, since an increasing number of EU members seek to broker their own deals with either Russia or Turkmenistan or both -- most of which would undermine the EU's ongoing efforts to promote a common policy to strengthen energy security. Getting EU members to abide by the MOU could prove to be a much more difficult proposition than gaining Turkmenistan's agreement to a mutually beneficial MOU. END COMMENT.
HOAGLAND